

November 25, 2025

By Electronic Delivery

Honorable Debbie-Anne A. Reese, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

Re: *New York Independent System Operator, Inc., Proposed Tariff Revisions to Pro Forma Non-Incumbent Transmission Owner Operating Agreement; Docket No. ER26-___-000*

Dear Ms. Reese:

Pursuant to Section 205 of the Federal Power Act (“FPA”),¹ the New York Independent System Operator, Inc. (“NYISO”) hereby submits proposed revisions to its *pro forma* Operating Agreement for non-incumbent Transmission Owners (“Operating Agreement”) set forth in Attachment Y of the NYISO’s Open Access Transmission Tariff (“OATT”).² The NYISO’s proposed revisions to the Operating Agreement are required to account for transmission facilities subject to the NYISO’s operational control for which Transmission Owners will recover their costs outside of the NYISO Tariffs through negotiated rates. In addition, the NYISO proposes limited additional clarifications to the agreement concerning the transfer of ownership of a transmission facility.³

As described in Part VI, the tariff revisions proposed in this filing were discussed with stakeholders and were unanimously approved by the stakeholder Management Committee at its October 29, 2025, meeting and by the NYISO Board of Directors.

The NYISO respectfully requests that the tariff revisions proposed in this filing become effective the day immediately following the end of the statutory sixty-day notice period under FPA Section 205 (*i.e.*, January 25, 2026).

I. DOCUMENTS SUBMITTED

The NYISO submits the following documents with this filing letter:

- A clean version of the proposed revisions to the OATT (Attachment I); and

¹ 16 U.S.C. § 824d (2025).

² Capitalized terms that are not otherwise defined in this filing letter shall have the meaning specified in Attachment Y of the NYISO OATT, and if not defined therein, in the NYISO OATT and the NYISO Market Administration and Control Area Services Tariff.

³ Unless otherwise indicated, the tariff references in this filing letter are to Attachment Y of the NYISO OATT.

- A blacklined version of the proposed revisions to the OATT (Attachment II).

II. COMMUNICATIONS AND CORRESPONDENCE

Communications regarding this pleading should be directed to:⁴

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III. BACKGROUND

As part of its compliance with Order Nos. 1000 and 1000-A, the NYISO established in its OATT requirements for non-incumbent transmission owners or “NTOs” to enter into an operating agreement with the NYISO.⁵ Specifically, Section 31.1.7 of the OATT requires NTOs to enter into an Operating Agreement with the NYISO prior to energizing a transmission facility. The NYISO also proposed, and the Commission accepted, a *pro forma* Operating Agreement that establishes the terms and conditions for an NTO to turn over operational control of a transmission facility to the NYISO. The *pro forma* Operating Agreement is located in Section 31.11 of the OATT.

The Operating Agreement is based on the *Agreement Between New York Independent System Operator and Transmission Owners* (“ISO/TO Agreement”) that was executed in 1999 among the NYISO and the initial incumbent New York Transmission Owners (“Member

⁴ The NYISO respectfully requests waiver of 18 C.F.R. § 385.203(b)(3) (2025) to permit service on counsel in multiple locations.

⁵ *New York Independent System Operator, Inc.*, 153 FERC ¶ 61,341 (2015); *New York Independent System Operator, Inc.*, 162 FERC ¶ 61,107 (2018); *New York Independent System Operator, Inc.*, Letter Order, Docket Nos. ER13-102-012, -013, -014 (June 5, 2018); *New York Independent System Operator, Inc.*, Letter Order, Docket No. ER13-102-015 (August 21, 2018).

Systems”).⁶ The *pro forma* Operating Agreement retains the basic structure and much of the language of the ISO/TO Agreement to ensure that the agreements are comparable but with certain variations accepted by the Commission to account for differences between the Member Systems and NTOs.⁷

The Operating Agreement accounts for transmission facilities with revenue requirements for which the NTO recovers a regulated rate through the NYISO Tariffs. However, the Operating Agreement does not specifically address transmission facilities for which the NTO recovers its costs outside the NYISO Tariffs through negotiated rates approved by the Commission. Subsequent to its acceptance of the Operating Agreement, the Commission has accepted the use of negotiated rates for transmission facilities in New York that will be subject to the NYISO’s operational control.⁸ Accordingly, the NYISO developed revisions to its *pro forma* Operating Agreement to account for such transmission facilities that may be owned by NTOs.

IV. DESCRIPTION OF PROPOSED TARIFF REVISIONS

A. Revisions to Account for Negotiated Rates

The NYISO proposes to revise the *pro forma* Operating Agreement located in Section 31.11 of Attachment Y to the OATT to account for an NTO that turns over operational control of a transmission facility for which the NTO recovers its cost outside of the NYISO Tariffs through a negotiated rate accepted by the Commission.⁹

First, the NYISO proposes to add the new defined term “Negotiated Rate Transmission Facility.”¹⁰ A Negotiated Rate Transmission Facility will be defined as “a transmission facility

⁶ See *Central Hudson Gas & Elec. Corp., et al.*, 88 FERC ¶ 61,138 at P 5 (1999).

⁷ See *New York Independent System Operator, Inc.*, 162 FERC ¶ 61,107 at PP 122-145 (2018) (“2018 Order 1000 Order Compliance Order”) (conditionally accepting for filing the Operating Agreement); *New York Independent System Operator, Inc.*, Delegated Order, Docket No. ER13-102-012 (June 5, 2018) (accepting for filing the Operating Agreement); see also *New York Independent System Operator, Inc.*, 166 FERC ¶ 61,099 at PP 11, 20 (2019) (accepting for filing additional clean-up revisions to Operating Agreement). The NYISO provided for the use of a comparable operating agreements for new entrants because the terms of the ISO/TO Agreement address issues beyond terms relevant to a non-incumbent Transmission Owner. *New York Independent System Operator, Inc.*, Compliance Filing, Docket Nos. ER13-102-007, ER13-102-009 at pp 44-46 (March 22, 2016). Specifically, the ISO/TO Agreement was developed as part of the creation of a new independent system operator for New York, and the terms of the agreement were negotiated in the context of those particular circumstances. *Id.*

⁸ *CHPE, LLC*, 171 FERC ¶ 61,186 (2020).

⁹ In its acceptance of the form of Operating Agreement for the NTOs in the NYISO’s Order No. 1000 proceeding, the Commission made clear that this comparable operating agreement for NTOs is not required to be identical to the ISO/TO Agreement with the Member Systems. 2018 Order 1000 Compliance Order at P 124. The Commission recognized and accepted differences between the two agreements to address distinctions between the NTOs and the Member Systems. *Id.* The NYISO proposes the reforms in this filing to address an immediate issue specific to NTOs and the terms of the NTO Operating Agreement. Presently, there are no Member Systems proposing to turn over to the NYISO operational control of transmission facilities for which the Member System will recover its costs outside of the NYISO Tariffs through negotiated rates accepted by the Commission.

¹⁰ Proposed Operating Agreement Art. 1.02. The Commission has accepted provisions in transmission owner agreements in other regions to account for transmission owners that recover their costs outside of those

in the [New York Control Area] that is owned by the NTO, that is used to provide Transmission Service under the ISO OATT, and for which the NTO will recover its costs for such transmission facility outside of the ISO Tariffs in the manner and to the extent allowed, accepted, or approved by FERC.”¹¹

Second, the NYISO proposes to insert certain requirements in the Operating Agreement to address Negotiated Rate Transmission Facilities. In particular, the NYISO proposes to revise the Recitals of the Operating Agreement to expressly account for the potential that an NTO owns, and is turning over operational control of, a Negotiated Rate Transmission Facility.

In addition, the NYISO proposes to revise the requirements in Article 3.03 of the Operating Agreement, which establish the conditions that the NYISO must meet in connection with the responsibilities granted to it by the NTO under the agreement. Specifically, the NYISO proposes to clarify that the requirement that its tariffs and rate schedules must provide for full recovery of the transmission revenue requirement of an NTO to the extent allowed, accepted or approved by Commission does not apply to Negotiated Rate Transmission Facilities.¹² The NYISO also proposes to clarify that it is not required to distribute any revenues from the collection of transmission charges to an NTO for its Negotiated Rate Transmission Facilities.¹³ These proposed changes are needed to make clear in the Operating Agreement that the NYISO is not responsible for recovering through its tariffs and rate schedules the cost of Negotiated Rate Transmission Facilities on behalf of the NTO.

Finally, the NYISO proposes to revise Article 3.08(a) of the Operating Agreement, which establishes an NTO’s reserved rights under the agreement to make filings pursuant to FPA Section 205 to change the OATT, a Service Agreement under the OATT, or the ISO Agreement to recover all of its reasonably incurred costs, plus a reasonable return on investment, for its services under the NYISO OATT and concerning any retail access program. The NYISO proposes to clarify that these reserved filing rights do not apply in connection with an NTO’s Negotiated Rate Transmission Facilities as the NTO will recover its costs for these facilities outside of the NYISO Tariffs and agreements.

B. Revisions to Address Shared OASIS Responsibilities

The Operating Agreement provides for the NYISO to maintain the Open Access Same-Time Information System (“OASIS”) concerning the transmission facilities subject to the agreement. However, certain NTOs may be required to maintain a limited OASIS to provide notifications concerning their Negotiated Rate Transmission Facilities (*e.g.*, notifications concerning reservations over the transmission facilities). The NYISO and NTO will account for

region’s tariffs. For example, the Consolidated Transmission Owners Agreement among PJM Interconnection, L.L.C. (“PJM”) and the transmission owners in its region establishes requirements for “Zero Revenue Requirement Parties,” which are transmission owners that do not have cost of service rates for transmission services in the PJM tariff.

¹¹ *Id.* at Art. 1.02.

¹² *Id.* at Art. 3.03(b).

¹³ *Id.* at Art. 3.03(e).

the requirements concerning the operation of these transmission facilities, including any shared OASIS responsibilities, in the NYISO OATT.¹⁴ Accordingly, the NYISO proposes to revise Article 3.06 of the Operating Agreement to provide that the “ISO shall maintain the OASIS for the New York Control Area; provided, however, the NTO shall maintain an OASIS for its transmission facilities if and to the extent required by the ISO OATT.”

C. Revisions to Address Sales of Transmission Facilities

The current Operating Agreement establishes requirements to address the transfer of NTOs’ transmission facilities, including through a merger, consolidation, restructuring or reorganization, or other organizational structure change.¹⁵ However, the Operating Agreement does not specifically account for in these rules the sale of a facility. The NYISO proposes to revise Articles 3.08(b) and 4.01 to clarify that such transactions include the sale of NTOs’ transmission facilities.

D. Additional Miscellaneous Revisions

The NYISO proposes limited, non-substantive clean-ups to the Operating Agreement, including: (i) removing an extra space in the middle of a sentence¹⁶ and (ii) deleting an unnecessary comma.¹⁷

V. PROPOSED EFFECTIVE DATE

The NYISO respectfully requests that the Commission accept the proposed tariff revisions for filing with an effective date of January 25, 2026, which is the day following the end of the statutory 60-day notice period.

VI. REQUISITE SHAREHOLDER APPROVAL

The tariff revisions proposed in this filing were discussed with stakeholders at the September 25, 2025, joint meeting of the Electric System Planning Working Group and Transmission Planning Advisory Subcommittee. The proposed tariff revisions were reviewed and approved with no abstentions at the October 14, 2025, Business Issues Committee meeting and at the October 16, 2025, Operating Committee meeting. At its October 29, 2025 meeting, the Management Committee unanimously approved and recommended approval by the NYISO

¹⁴ See, e.g., *New York Independent System Operator, Inc.*, Proposed Tariff Revisions Implementing Champlain Hudson Power Express Merchant Transmission Facility, Docket No. ER26-570-000, at pp 7–9 (November 21, 2025) (proposing new market rules and enhancements that address the operation, scheduling, and management of reservations for the new Champlain Hudson Power Express Merchant Transmission Facility, which includes the operation of a limited purpose OASIS to administer “physical” transmission reservations over the transmission facility).

¹⁵ Proposed Operating Agreement Art. 3.08(b), 4.01.

¹⁶ *Id.* at Art. 2.07.

¹⁷ *Id.* at Art 3.03.

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Board of Directors. At its November 2025 meeting, the NYISO Board of Directors approved the NYISO to make this tariff filing under Section 205 of the FPA.

VII. SERVICE LIST

The NYISO will send an electronic link to this filing to the official representative of each of its customers, each participant on its stakeholder committees, the New York State Public Service Commission, and the New Jersey Board of Public Utilities. The NYISO will also post the complete filing on its website at www.nyiso.com.

VIII. CONCLUSION

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept the proposed tariff changes identified in this filing.

Respectfully submitted,

s/ Brian R. Hodgdon

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